SIR ROBERT PEEL'S CURRENCY PLAN:

A

LECTURE

DELIVERED AT THE BRITISH COFFEE-HOUSE, IN COCKSPUR-STREET,

ON THURSDAY THE 13TH OF JUNE, 1844,

ON THE

CURRENCY PLAN OF SIR ROBERT PEEL;

SHOWING ITS

TENDENCY AND PROBABLE EFFECTS.

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LONDON:

SAMUEL CLARKE, 13. PALL MALL EAST;

R. HASTINGS, 13. CAREY STREET, LINCOLN'S INN; AND

PELHAM RICHARDSON, CORNHILL.

1844.

London:
Printed by A. Spottiswoode,
New-Street-Square.

PREFACE.

The following Lecture was delivered at the instance of several influential gentlemen who were desirous of having the subject of the currency exhibited to the public in a light in which, apparently, it has not been considered by the supporters of the measures now before Parliament. The promoters of the new currency regulations betray not the slightest indication that they are aware of this important truth: namely, That a system of indirect taxation requires a currency quite different in principle from that which may be very proper where direct taxation is alone or principally employed; and that the new regulations in question, if suitable at all, would only be so provided all duties upon goods were abolished, and the entire revenue raised by Property Taxes. This view of the question appears to have been entirely overlooked, and yet so important is it, that the right perception of it clearly shows Sir Robert Peel's currency principles to be both erroneous and defective; for no currency measure that does not make provision for the operation of our indirect taxation, can be correct in principle or advantageous to the bulk of the community.

The Author, having been applied to only a few days before the time the Lecture had to be delivered, hopes that the haste with which it was necessarily prepared may be pleaded as an excuse for its defects of composition, or for any slight inaccuracies which may be detected. A request was made immediately after its delivery, that it might be printed before the Bank Charter Bill went into Committee. The Author has not, therefore, had that opportunity for revision which he could have wished, and consequently feels it necessary to make this appeal to the indulgence of his readers.

LECTURE.

GENTLEMEN,

HAVING for a number of years past devoted a considerable portion of my leisure time to the study of the question of the Currency, I have acceded to a request made to me that I would, at this important time, when it is so essential that a right judgment should be come to respecting the monetary measures now before Parliament, give a lecture upon this all important subject. I would not have ventured to come forward to occupy the position I now am placed in, had it not been for a deep and painful conviction that the measures submitted by the Minister to Parliament will, if carried into operation, inflict grievous suffering upon the nation at large, that in principle they are unsound and erroneous, and that in operation they will prove confiscating and destructive. In addition to this, I feel an equally painful conviction, that there is, generally speaking, even among the well educated and upper classes of society, a lamentable want of information upon this important subject; and that it is consequently the especial duty of those who *have* made it their study to supply as well as they are able this deficiency. As Davenant remarks in his Essays, " The pilot to whom the vessel is trusted is not to be disturbed on every light occasion; but if he is apparently running it upon a rock, a private passenger, who is to sink with it, may be permitted to give notice of the danger."

So far as the Minister, whose measure I am about to impugn is concerned, no apologetic introduction is required. It is in accordance with his own especial request, that his plan should undergo investigation and discussion. His own words are,

"I am most anxious the different principles contended for should be thoroughly tested and understood." Again, "I invite discussion," &c. It will therefore, I hope, be at once felt, that it is not out of any want of due respect either for the position or the talents of the Premier, that the soundness of his currency principles should be called in question, seeing that he himself requests that they may be so called in question, by those who are not satisfied of their correctness.

Without further introduction, we shall now proceed to consider Sir Robert Peel's new currency measure both with regard to its principles, whether they are correct or whether they are erroneous, and also with reference to its contemplated and probable effects, whether they are likely to be beneficial to the nation or not.

The object which all legislation on this subject has in view, —the express object that Sir Robert Peel himself professes to accomplish, is the provision and supply of an instrument of exchange which shall fairly render unto every man that value which is due to him from his fellow man. That in all contracts and engagements which have been entered into, and in all those which hereafter may be entered into, justice shall be done to all parties in the fulfilment of these contracts, as far as the medium for fulfilling them — "the money,"— is concerned. And here we are pleased to find that we must also begin where Sir Robert Peel begins, and as the "Pound" is the denomination of value which is used in this country — as men when they agree to receive or to pay a certain value, agree to pay or to receive a given number of pounds. The first principle to be examined is naturally that which was propounded by the Premier, in his answer to the following question put by himself, "What is a Pound, and what is the engagement to pay a Pound?" Sir Robert truly remarks, that "this is the foundation of the whole subject."

Now, Sir Robert Peel explains his principles upon this point, by answering this question in the following manner: —

"Now, the whole foundation of my measures rests upon the assumption, that, according to practice, according to law, according to the ancient monetary policy in this country, the meaning of a Pound is neither more nor less than a certain definite quantity of gold, with a mark upon it to determine its

weight and fineness, and that the engagement to pay a Pound means nothing, and can mean nothing else than the promise to pay to the holder a definite quantity of the precious metals."

Let us examine this assumption. In the first place we remark, that as we are now discussing this matter for the very purpose of placing our currency upon a correct footing, and establishing it upon sound principles — for the very purpose of correcting what we think has been wrong in former days—it would not at all militate against us, even if we had to admit that Sir Robert Peel is correct in this assumption, that such as he describes it has been hitherto the character of the Pound. It would be quite sufficient for us to say—True, it has been as you say, but this is just what we think so erroneous in the principles of our monetary system, and what we want to see altered. It does not follow because a thing always has been so and so, that it is therefore right. We say that, granting even that Sir Robert was right in this assumption of what a Pound always has been, we might fairly make such an answer as this to Sir Robert Peel, and thereby force on the discussion of the principle of what a Pound ought to be. But is he right in what he assumes? Is it the fact that a Pound, according to the ancient monetary policy of this country has always been a "certain definite quantity of the precious metals?" We find the very reverse of this to be the case. We suppose that Sir Robert, when he says a certain definite quantity, means a fixed quantity, not a changing quantity. If so, he is egregiously in error—the Pound having been successively 12 oz.,—10 oz. 13 dwts.—9 oz. 12 dwts. —8 oz.—6 oz. 8 dwts.—5 oz. 6 dwts.—4 oz. 16 dwts.—2 oz. 10 dwts. —3 oz. 14 dwts.—4 oz., and 3 oz. 18 dwts. But Sir Robert, in an after part of his speech, somewhat qualifies this assertion, and confines the invariability of the "Pound" to the period which has elapsed since the latter part of the reign of Queen Elizabeth. But in this also Sir Robert Peel is greatly in error, for he does not take into consideration the difference in the value of silver (about 50 per cent.) which ensued from the discovery of the American mines. Had he reckoned by gold which still retained its former value, he would have found that the "pound," instead of being a certain definite quantity of gold from the time of Elizabeth to the present, was of the following variable quantities: —

		dwts.	grs.
Elizabeth:	first gold pound, called the sovereign	7	6½
	Second ditto - - - - -	7	4
James I.:	ditto - - - - - -	6	10¾
———	Ditto - - - - - -	5	20½
Charles I.:	ditto - - - - - -	5	11
Charles II.:	ditto - - - - - -	5	9½
———	ditto, made to pass current for 21*s.*	5	3

It is not correct, therefore, as Sir Robert Peel has asserted, that, according to the law, the practice and the ancient monetary policy of this country, the Pound has been a certain definite quantity of the precious metals.

But though Sir Robert Peel has made these great mistakes about this matter, yet we are fully aware that it does not follow that because we show, in opposition to Sir Robert Peel, that the Pound has been a *variable* instead of a fixed and definite quantity of the precious metals, we say we are aware that this does not prove but that the Pound ought to have been a fixed and definite quantity, and ought now to be so. Nor should we have thought of entering into this historical sketch of the Pound, if the Premier had not in some degree made it the ground and basis of his recommendations and resolutions. It is of far more importance that we should ascertain what the Pound ought to be than what the Pound has been; and we therefore propose to dismiss without further consideration this history of the Pound, and discuss the following plain proposition, which goes to the root of the whole matter as propounded by Sir R. Peel:—Ought or ought not our money denomination, whatever it may be, whether pound, dollar, shilling, or franc, to be or represent at all times and under all circumstances a certain definite (that is, an ascertained and invariable) quantity of gold or silver?

Sir Robert Peel says it ought. We humbly presume to say it ought not, and join issue with him on this point. We say that neither in this nor in any other country ought the money denomination to be or represent under all circumstances a fixed and invariable quantity of gold or of silver. And we beg you to remark, that if we overthrow Sir Robert Peel upon this point, we, upon his own confession, overturn the whole of his

currency scheme, for he says the whole foundation of his measure rests upon that assumption.

Now, it appears to us that Sir Robert Peel entirely omits to take into account this most vital truth, namely, *that in a country like our own, where about eight tenths of the revenue is derived from duties upon commodities, the quantity of any commodity which will fairly be obtainable for any given denomination of money will depend upon the amount of the taxation imposed upon commodities in general;* — for as Mr. M'Culloch somewhere justly remarks, "When taxes are placed upon commodities, their prices must rise in a corresponding proportion, otherwise the producers will not obtain the ordinary rate of profit." — Now, it is clear that if, through taxation, prices of commodities are to rise or become larger in money, a *smaller quantity* of any commodity will be obtainable for any given sum of money.

If, for instance, any particular commodity has risen from 1*s.* to 1*s.* 6*d.* per pound, it is clear that 1*s.* 6*d.* will only obtain 1 pound of that commodity, whereas it formerly commanded 1½ pound. The very operation of raising the prices of commodities necessitates the fact that less of commodities shall be obtained for money. Now, the metals gold and silver are commodities and are naturally as subject to this law as any other commodities are, yet Sir Robert Peel says that an invariable quantity of these commodities shall be obtainable for the Pound, however high taxation may raise the prices of other goods. But can Sir Robert Peel or any other man bring forward the slightest shadow of a reason to show us why, if the Pound is to pass in exchange for less corn, less cloth, less meat, less iron, less lead, less cotton, &c. because all commodities here are raised in price by the general taxation of the country, we say, can any one tell us why less of these other two commodities, gold and silver, shall not also be obtainable for the pound by the operation of the same cause? Are not gold and silver produced, and their value formed by the same agent which produces all other things, Labour? Is not the value of gold and silver constituted by the same law that constitutes the value of all other commodities, namely, the amount of labour embodied in their production, and is the price of every thing to be affected by taxation, except gold and silver? Is it intended that taxed corn, and taxed cloth, and taxed iron shall be expected to

exchange against untaxed gold and silver without the producers of the corn and the cloth and the iron, suffering from such an unequal competition? And it must be so, if the pound is always to be an invariable quantity of gold or silver, for if gold and silver be thus held down and prevented from rising in your medium of exchange, whatever that medium of exchange may be, while all other commodities of equal value do rise in that medium of exchange, that arrangement effectually prevents the gold and the silver from bearing the same weight of taxation, which other commodities of equal intrinsic value do, and effectually untaxes them compared with other commodities.—And this is the case with our present currency.

Gold *is* always held down to one fixed price, because it cannot be otherwise in such a currency as we have now. We coin pieces of gold bullion of a certain definite weight and fineness, and put a fixed denomination or price upon them which never alters. For instance, we coin our present sovereigns of the weight of 5 dwts. 3 grs. of gold; and these 5 dwts. 3 grs. of gold are called, and always pass in account for, "one pound," or "twenty shillings." It is evident, therefore, that gold cannot rise; because 5 dwts. 3 grs. of gold are always current at "one pound," or "twenty shillings;" yet, such is the absurdity of our system, that equal values to these 5 dwts. 3 grs. of gold in other commodities are exchanging at the same time for thirty shillings—causing a distortion in the relative prices of things of equal value, which distortion leads, as we shall hereafter show, to the greatest losses, both on the part of the productive classes and the nation at large. We do not dispute the convenience of coining gold or silver into certain sized pieces or weights, and also of a certain purity; but we do dispute the policy and the justice of their always passing current for a fixed denomination of money.

The following extract from Locke will just express our sentiments, though at the same time we think it right to say, that we believe Locke applied it to gold only, and as a commodity, while we would apply it either to gold or silver money. Locke says: "It is necessary your gold should be coined, and have the king's stamp upon it, to secure men in receiving it, that there is so much gold in each piece. But it is not necessary that it should have a fixed value set upon it by public autho-

rity." This extract from Locke contains, according to our view, the whole philosophy of the case; for though pieces of gold like our sovereigns might very properly circulate authenticated by having the king's stamp upon them, yet if indirect taxation has raised the price of all other commodities beyond the natural price, these pieces of gold ought to rise in price also in the same proportion; and in order that this may be effected, another vehicle or medium of exchange must be adopted to form the legal tender or money of the country instead of gold; one, which possessing no intrinsic value itself as a *commodity*, will allow gold to rise or fall in it according to the weight of taxation imposed upon the country, just the same as other commodities of equal natural value do.

We think, from these few remarks, it will be evident that where goods are raised in price by duties laid upon them, and where, consequently, a smaller quantity of any commodity is necessarily obtainable for any given sum of money, there, for the same reason, less gold and silver should also be obtainable for money; and, if so, then Sir Robert Peel's fundamental principle that the "Pound" should always be a certain definite quantity of the precious metals is clearly unsound; as the quantity of these which the "Pound" ought to command will depend upon the degree in which taxation enhances the price of gold and silver as well as all other commodities.

But the question will no doubt again be urged: What then is the pound to be, if it be not a certain definite quantity of gold or silver?

We answer, let it be what Sir Robert Peel himself shews it should be, by another branch of his legislative arrangements. His legislation, with regard to the price of corn, the great staple food of this country, and, therefore, the truest and most natural "Standard of Value." Sir Robert Peel has shewn most eloquently and most forcibly in his various speeches upon corn and corn laws, that such are the expenses which producers have to sustain in this country, that the fair price of corn here, a price which will only just enable the farmer to live, is upon the average at least 56*s.* a quarter, or 7*s.* a bushel. Now, from this starting point, we shall proceed to prove that Sir Robert Peel himself disproves his own currency doctrines by his doctrines upon corn, and in doing this we shall have to refer

to axioms of political economy admitted on all hands, and to facts which are within the reach of every one who chooses to investigate the subject.

1. The natural value of all articles, according to the economists, is the quantity of labour necessary for their production; those articles, therefore, are of equal value which require for their production equal quantities of labour.

2. According to the best authorities, and from experience, it is found that on an average of all countries, and on an average of seasons, it requires the same amount of labour to produce one quarter of wheat as it does to produce 8½ dwts. of gold. This proportion is found by observing the quantity of gold for which wheat exchanges in the public markets on an average of countries and seasons.

The respective quantities of these productions therefore are natural equivalents of each other — 1 quarter of wheat, and 8½ dwts. of gold. And as they are thus each of the same value as the other, they ought in any currency to be of the same price,—for the express object of a currency is to exchange equal values fairly and upon equal terms. Whatever price then is required to remunerate the farmer, upon an average of years, for producing a quarter of wheat, is the price, the proper price or equivalent of 8½ dwts. of gold. Now Sir Robert Peel says, in his corn law legislation, that this price for the quarter of wheat is 56*s.*, he therefore himself determines what gold ought now to be an ounce; and what amount of gold the "Pound," our denomination of money ought to be. 56 shillings, says Sir Robert, is the proper price for a quarter of wheat in England. Very well: then in that case 56*s.* is the proper price for 8½ dwts. of gold, also because 8½ dwts of gold and 1 qr. of wheat are natural equivalents. And if 56*s.* be the proper price for 8½ dwts. of gold, then the proper price for an ounce must be 6*l.* 11*s.* 9*d.* instead of 3*l.* 17*s.* 10½*d.*, the price which Sir R. Peel, by his monetary measures, is endeavouring to perpetuate. Sir Robert Peel himself thus proves beyond the possibility of dispute, that those persons are correct in their judgment who condemn the present standard.

In like manner may be deduced from Sir R. Peel's corn legislation what the "Pound" in England ought to be, or be convertible into — reckoning either in gold or in wheat. For

if both 8½ dwts. of gold and one quarter of wheat are to be represented by 56*s.*, then as the Pound is *twenty* shillings, it will of course follow that the Pound will represent that proportionate quantity of 8½ dwts. of gold and of one quarter of wheat, as 20 to 56 expresses. In gold, if 56*s.* be 8½ dwts, 20*s.* will be 3 dwts. 4 grs., instead of 5 dwts. 3 grs. which is Sir R. Peel's *currency* pound; and in wheat, if 56*s.* represent one quarter, 20*s.* will represent not quite 3 bushels.

But not only does Sir Robert Peel by his corn law legislation inform us what the Pound ought to be at present, but he also admits that the Pound ought (in opposition to what he asserts by his currency legislation) to be a *variable* instead of an invariable quantity of gold; forsuppose from any circumstances, — say another continental war, — that taxation should be so increased in this country, and the expense of every production be so enhanced, that 56*s.* per quarter for wheat would no longer be a price that would give a living to the farmer. Sir Robert Peel would be obliged, by his present corn law principles, to admit that wheat might possibly require to be sold for 76*s.* instead of 56*s.*, just the same as he now maintains it ought to fetch 56*s.* instead of 36*s.*, which was the price 100 years ago, before we had our present amount of taxation. In the case contemplated, if wheat were 76*s.* a quarter, 8½ dwts. of gold would also be 76*s.*, provided these two commodities were allowed to maintain their natural equality with each other. But if SEVENTY-SIX shillings were 8½ dwts. of gold, what would *twenty* shillings or the "Pound" be? why just 2 dwts. 6 grains of gold. But the Pound is now 5 dwts. 3 grs. of gold, and Sir Robert Peel says that the whole foundation of his measure rests upon the assumption that a Pound has been and ought to be, a certain definite, that is, as I understand him, an invariable quantity of gold or silver. Sir Robert Peel therefore clearly contradicts himself, and his currency opinions are manifestly disproved by his opinions respecting the proper price for corn, both under the present burdened circumstances of the country, and with respect to what that price might, upon the same principle, require to be, if the country had an increase of burdens. From what we have already advanced upon the natural relative values of gold and wheat, let the agricultural interest seriously ponder upon the consequence of submissively deferring to Sir R. Peel's dogma of the invari-

ability of the "Pound" — that dogma, if carried out, will ruin them beyond redemption, as we will explain.

We said just now that one quarter of wheat and 8½ dwts. of gold were natural equivalents of each other, being both of the same natural value in labour. Now, if Sir R. Peel is allowed to carry out his currency scheme, one of these two articles, the 8½ dwts. of gold will never be higher than 33*s.* 2*d.*, — for, as the pound or twenty shillings is to be invariably 5 dwts. 3 grains of gold, it gives a price of 33*s.* 2*d.* for 8½ dwts. You see, therefore, that Sir R. Peel's plan permanently prices *one* of these two natural equivalents, the 8½ dwts. of gold, at 33*s.* 2*d.*; and do you not think that forcing one of these two equal values to be constantly current at 33*s.* 2*d.* has a tendency to bring down the other, the wheat, to the same price? — we say has a tendency to bring it down — because the corn laws and the expense of importation in some degree protect wheat at present from the operation of this depressing standard. Still the tendency is the same, and you will find it operate when, from a good and abundant harvest, this tendency is not counteracted. We beg you to reflect upon this point most seriously; for, if 5 dwts. 3 grains of gold, the quantity contained in our present sovereigns, ought never to be at a higher price than 20*s.*, then, upon the same principle, ought wheat never to be higher than 33*s.* 2*d.* a quarter, that being as high a price for a quarter of wheat as 20*s.* is for 5 dwts. 3 grains of gold. But Sir Robert Peel justly scouts the idea of selling wheat at 33s. 2*d.* a quarter in this country, and legislates for 56*s.* Why, then, does he set up this competition of untaxed gold against taxed wheat and other commodities, which would, if it were not for the interposition of the corn laws, speedily bring down wheat to the level of gold? And why does he contend that a certain denomination of money — "the Pound," shall always command a certain definite quantity of labour, if that labour is embodied in gold, when he acknowledges that it ought not always to command that same definite quantity of labour if embodied in wheat or other commodities?

And here let us remark that Sir Robert Peel avails himself of the want of acquaintance with this subject on the part of the Members of the House, and takes an unworthy advantage of the express and acknowledged opinions of his opponents. The Right Honourable Baronet says, somewhat tauntingly, Define

your Pound—state shortly, and not in a long pamphlet, what your Pound is. Let us have a definition. Now, it is clear to all who have attended to what we have already advanced, that the very opinion which Sir Robert's opponents entertain,—namely, that the Pound ought not at all times to be or represent a certain definite quantity of gold or silver, prevents them from giving a precise definition; for how can they give a fixed definition of what is, in their opinion, a variable thing? We could as easily pose Sir Robert Peel himself by asking him to define the length of a column of mercury in the thermometer. He would of course reply that he could not define what the exact length was at all times, but that he could just say that it was a column of mercury depending for its length upon the temperature of the surrounding atmosphere. And so say we of the Pound; that it is a quantity of gold or silver, if you choose to have gold or silver, depending for its amount upon the degree of taxation imposed upon commodities in general. Let the temperature of the atmosphere become colder, and the column of mercury will become shorter. Let taxation become heavier, and the quantity of gold and of all other commodities for which your "Pound" ought to exchange will become smaller. Is it not surprising that Sir Robert Peel does not see that, as the effect of all taxation on commodities is to lessen the quantity of commodities which shall be obtainable for money, the money, to be a true representative and reflex of the commodities, must lessen in intrinsic value in precisely the same proportion as the things do which it has to represent?

We come now to the second question which Sir Robert Peel has asked of his opponents with an air of great triumph, evidently deeming it unanswerable, except upon his own principles. What can be the meaning of an engagement to pay a Pound, if the Pound be not a definite quantity of gold or of silver?

In replying to this question, we beg you still to bear in mind, that we want no alteration of the present Pound, if there be no taxation imposed on commodities. Repeal all indirect taxation, and collect the whole revenue by a tax on realised property, and the Pound may remain just what it is, for as no commodity would in that case be taxed, the gold in the Pound would not need to be taxed. We have no objection to an *untaxed* Pound

being a definite quantity of gold or of silver as Sir R. Peel desires; and as such *untaxed* pound has been for a long time past and still is 5 dwts. 3 grs. of gold, we can have no possible objection to its still remaining so. But what we object to is, that the *untaxed* Pound should be the pound of account, and the legal tender pound in a community where commodities are all taxed, because the quantity of gold in it being invariable, it cannot be a fair representative of that diminished value due from one person to another, which arises from the Government having already forestalled part of the value in taxation upon goods.

In reply, therefore, to this question of Sir R. Peel's, we say, first, that as the untaxed Pound is 5 dwts. 3 grs. of gold, an engagement to pay a Pound if none of our commodities are taxed, is an engagement to pay 5 dwts. 3 grs. of gold; but that if commodities are taxed, and thereby raised in price, less gold as well as less of every other commodity, must necessarily be obtainable for the Pound, and that an engagement in that case to pay a Pound will be an engagement to pay as much less than 5 dwts. 3 grs. of gold, as taxation raises the price of gold. Or, in other words, an engagement to pay a Pound will be an engagement to pay that quantity of gold which 20*s*. in a Government paper currency will purchase, gold being allowed to rise in price like all other commodities.

But says a creditor to a debtor, "if gold were to rise in price in this way, I might probably be only able to purchase 4 dwts. of gold for every pound, which you would pay me instead of 5 dwts. 3 grs. True, the debtor may answer, but how are you harmed by that? Do you not now, even with your present Pound, purchase also less wheat, and less cloth, and less iron, from the same cause? namely, the higher prices at which all these commodities are obliged to be sold in consequence of Government choosing to lay the taxes on the people by means of taxing the commodities which they purchase, thereby giving to every one a smaller quantity of these commodities for their money? You surely cannot expect as much wheat, and as much gold, and as much cloth, and as much iron for your money, as though there were no taxes on them.

The truth is, that Government by this indirect taxation, lessens the value of every payment, because it abstracts part of

the payment beforehand from the Payer for the service of the State.

It produces the same result indirectly by raising the prices of commodities as the income-tax does directly by taking sevenpence in the pound away from you. For instance: I am the proprietor of some house property, and I go to a tenant — say for 100*l.* — being a half year's rent due to me. Instead of his paying me 100*l.* he pays me 100 times 19*s.* 5*d.*; and if I ask him why he does not pay me the full rent agreed upon — why he pays me 19*s.* 5*d.* instead of a pound, he tells me he has already advanced 7*d.* in the pound for me to the Government in discharge of the income-tax, and that I am not entitled to a pound of full size, but a pound short the 7*d.* he has paid in taxation.

Now suppose the income-tax, instead of being 7*d.* in the pound, were 4*s.* in the pound, my tenant would, of course, only pay me 16*s.* for every pound of rent, and in that case instead of my obtaining 5 dwts. of gold for every pound of rent, as at first agreed upon, I should obtain only 4 dwts. But is not this precisely the same result as is brought about by the process of indirect taxation when gold is allowed to rise in price in proportion with everything else? The creditor said just now to his debtor that if gold were to rise, he might possibly get only 4 dwts. of gold for his pound; but we see that the same result would be produced if all indirect taxation were repealed, and an income or property-tax substituted for it to-morrow. If 1 dwt. of gold, or 4s. in the pound, have to be abstracted from every body in some way or other, it matters very little whether they lose this amount in a direct manner, through an income-tax which takes at once 1 dwt. of gold or 4*s.* from every pound of rent, &c., or whether they lose it in an indirect manner, by all commodities, gold among the rest, so rising in price, through taxation, that they shall be able to purchase only 4 dwts. of gold for the current pound, instead of 5. It comes to the same thing. Every person is mulcted of 1 dwt. of gold out of every 5, because the Government has abstracted it for the service of the State.

But let us ask Sir Robert Peel and those who agree with him, what benefit can possibly arise to any person from receiving a Pound containing 5 dwts. of gold, instead of one representing, perhaps, 4 dwts., if, after all, the 5 dwts. are made to pass in

exchange only for the same quantity of commodities as the 4 dwts. would have exchanged for?

The practical value of any currency is the amount of goods which it will purchase, and if we are honestly to let goods rise in price according to taxation and according to Sir R. Peel's Corn-Law legislation, and I have to part with *three* pounds for a quarter of wheat instead of *two* pounds, it is of no earthly benefit to me that the three pounds with which I purchased the wheat contained each 5 dwts. of gold instead of 4 dwts. If *three* pounds of 4 dwts. each would equally have purchased me a quarter of wheat, I derive no advantage from the pounds having contained an additional dwt. of gold. The goodness of the pounds to me did not depend upon what gold they contained, but upon what quantity of commodities they would realise for me. Thus, Dr. Adam Smith says, the revenue of a person to whom a guinea is paid, does not so much consist in the piece of gold as in what he can get for it, or in what he can exchange it for. If it would exchange for nothing, it would, like a bill upon a bankrupt, be of no more use than the most useless piece of paper. It is, after all, therefore, very great folly to put more gold into the Pound than is necessary to purchase the goods at the price at which they ought to be sold, and is of no benefit to the receiver of the Pound, while to the country which has to provide the extra quantity, it is a very great evil.

I beg you, however, to remark, that I only affirm that it is *when* commodities are fairly allowed to rise to the price which taxation requires, that a Pound which contains only just that quantity of gold, which is the natural equivalent of the commodities, is as good to the possessor of it as though it contained half as much more gold. I know that if you use the gold pound, not as "Money" that is a token or sign to produce you the quantity of commodities to which you are FAIRLY ENTITLED considering the taxation of the country, but, as a commodity to fetch as much of another commodity as is equal to its own intrinsic worth, then the value of your Pound will certainly depend upon the quantity of gold it contains. But if this is allowed, you frustrate the just principle, that as taxation increases, less commodities shall be obtainable for money; for the Pound being made invariable, its possessor will obtain an invariable quan-

tity of commodities for it, however taxation may render it necessary that he should receive less. If this is what Sir Robert Peel means by making the Pound invariably of a definite weight of gold, it is evidently a measure which will have the effect (whether intentionally or not, I cannot take upon me to say) of throwing all the burden of indirect taxation upon the productive classes, for they will have to part with as many commodities to obtain money from the possessors of money, as though they had not already parted with a portion of those commodities to Government in taxes—which taxes were to be borne eventually by the consumers of the goods by their being only able to obtain a less quantity of goods for their money.

Having now answered Sir Robert Peel's question, "What is a Pound, and what is the engagement to pay a Pound, if it be not an engagement to pay a certain definite quantity of gold or silver?" Having shewn that if direct taxation alone prevails, and no commodities are taxed, the untaxed Pound may be, as it is now, 5 dwts. 3 grs. of gold; but that if indirect taxation is employed for raising the revenue, the Pound cannot in justice be that fixed quantity of the precious metals, but a less quantity in proportion to the taxation borne by commodities. Having likewise shewn that Sir Robert Peel himself, when legislating upon corn, by fixing wheat at 56*s.* per quarter, actually determines what that quantity of gold is at the present moment, and that his own principles of corn legislation show that that quantity of gold for the Pound may become either more or less as taxation alters and the prices of goods in consequence fall or rise. Having shewn that a currency established upon these principles would operate to produce precisely the same results as Sir R. Peel's own income-tax does, namely, by taking so much in the Pound away from every man who possesses Pounds, but doing it through lessening their purchasing power, rather than by taking away a certain number of these Pounds from their owners. Having shewn, that if prices are justly permitted to rise, a Pound of 5 dwts. of gold is no better or more valuable to its possessor than one of 4 dwts., and that it can only become more valuable by its being used as an instrument unjustly to deprive the productive classes, both agricultural and trading, of a fair price for their products. We say that having shewn these things, and met Sir Robert with a

fair and straight-forward reply, we will now turn questioner, and ask Sir Robert Peel how, concurrently with the circulation of such a pound as he talks of, a Pound that is invariably to be 5 dwts. 3 grs. of gold, he can carry out that acknowledged maxim of economical science which we have already quoted from Mr. M'Culloch, *viz.*, "When taxes are laid upon commodities, their prices must necessarily rise in a corresponding proportion, otherwise the producers will not obtain the ordinary rate of profit." We will also ask how the taxes are to be made to fall upon people, according to their property, if notwithstanding any increase of taxation the Pounds they receive in their income are to experience no diminution in their power of commanding commodities?

First, how are goods to rise in price in proportion to the taxes on them?

It is evident that with such a currency as Sir Robert Peel proposes, where the Pound is invariably 5 dwts. 3 grs. of gold, any increase of price must be a larger quantity of gold. If the Pound of 20*s.* be 5 dwts. of gold, 30*s.* must be 7½ dwts. Now, suppose, for the sake of argument, that a commodity which is naturally worth 5 dwts. of gold, or 20*s.*, should require to be sold for 30*s.*, in consequence of the additional charges caused by taxation, how, we ask, is 30*s.*, which would be 7½ dwts. of gold, to be obtained of the foreigner for the article, if it be only intrinsically worth 5 dwts? No ordinance of government can ever make things exchange in a free market for more of the commodity gold or the commodity silver than they are intrinsically worth. Government may choose to put a tax of 5*s.*, 10*s.*, or 15*s.* upon any article beyond its intrinsic value; but it cannot make the foreigner give the 5*s.*, 10*s.*, or 15*s.* more for the article, if that be so much beyond its intrinsic value, nor can it even make the home consumer pay it, if he have free access to a cheaper foreign market. By requiring an increased quantity of gold for goods, whenever it suits either the caprice or necessities of rulers to increase taxation upon goods, it would seem to be inferred that governments had the power of making goods exchange for any quantity of gold that they thought proper. This is all a mistake. The higgling and bargaining of the markets, as Dr. Adam Smith remarks, will bring all things down to their proper relative positions and values with reference

to each other, according to the *amount of labour embodied in their production.* You will not be able to get more gold for any goods than will be equivalent to the amount of labour in them, whatever taxes you may put upon them, or however you may enhance the cost of their production by repeated duties upon every thing used in the process of their production.

In such a currency, therefore, as Sir Robert Peel advocates, it will be utterly impossible to get that additional and higher price which taxation renders necessary, unless we shut out all foreign intercourse; and it is to the inability to get this higher and compensating price which renders business so unremunerating at the present time to those engaged in it, and the wages of labourers so incapable of furnishing them with a fair share of the productions of the country. If the higher prices which indirect taxation renders necessary, are to be secured to the producers, who in the first instance advance the taxes, a currency system must be established upon a totally different principle to Sir Robert Peel's currency scheme. It is useless to look for higher prices, if these higher prices are to be realised in a gold currency; for the laws of nature and commerce forbid such prices to be realised. If the taxes are to be repaid to producers, it must not be in the way of a higher gold price for their goods, but by giving them a currency which will enable them to charge the tax *without* increasing the *gold* price of the goods. This would be effected by adopting a government currency, in which gold and silver being allowed to rise in it as well as other things, any higher price that might be found necessary might be obtained without difficulty by the productive classes, and without interfering with our foreign trade. Such a currency even might be established by the simple principle of making the Bank of England take up its notes in gold at the market price, instead of one fixed unvarying price of 3*l.* 17*s.* 10½*d.* per ounce. But such a currency would be quite at variance with the principle of the Pound being always an invariable quantity of gold or silver; for these commodities would fetch their fair value in the market in this currency, according to the real relative worth of them as compared with other commodities.

But an objection arises here in the minds of some persons which, though it has no real foundation, is so very specious and

plausible, that we find some of the first practical men in the country misled by it. "What," say they, "is the *use* of a higher nominal price to the producers of any goods, if, after all, the apparently higher price is not really a higher price, because it is only a higher price in a less valuable currency?" "What good," say they, "is a greater *number* of pounds or shillings, if at the same time you only obtain for the *greater* number the *same quantity* of gold or silver as you did for the *lesser* number. You might as well expect to be bettered in your circumstances by receiving 40 sixpences instead of 20 shillings.

Now, the persons who reason thus are misled by the following deplorable fallacy, which is plainly embodied in this argument, namely, that producers are remunerated for their goods in precise proportion only to the particular quantity of gold or silver which they obtain for them, without taking any thing further into the account. But this is not the case, and this is where their whole error lies, for producers are remunerated, *not* in proportion to the mere quantity they receive, but in proportion to the quantity they receive *compared with the quantity the goods have cost them.* Now in the currency we have been alluding to, people would receive a greater *number* of Pounds, and though these contain in the aggregate no more gold or silver, yet these same pounds are paid away as Pounds in discharge of rents, taxes, &c. Producers, therefore, while they receive *as much* gold and silver as before, pay away *less* in their costs and expenses, and have consequently more left to themselves on the balance. The fact is the tax is deducted from the Pound itself and the loss occasioned by the tax falls, as we have shewn before, on the ultimate recipients of the Pounds; on those, who after squaring accounts with every body, after paying all the Pounds they owe, and receiving all the Pounds owing to them, have a *surplus number* of pounds left to them on the balance. This surplus is what constitutes them men of property, in proportion to its amount, and the loss on each of the pounds which form the surplus, acts as we have before shewn as a most perfect property-tax.

But it may still, perhaps, be urged—"but if the expenses of producers rise in the same proportion as their receipts through the general advance of prices, how do they benefit?" We answer, why no, it is true they would not benefit if these

expenses *did* rise in the same proportion. A large portion of these expenses however do not rise with a general rise of prices, such as rents, taxes, rates, assessments, &c., and producers benefit by these expenses becoming lighter. And if it were possible to make these rise, a currency which allowed gold and silver to rise with other things would allow of counter charges on the part of the productive classes for their goods sufficient to reimburse them.

We have thought it absolutely necessary to go closely into this argument, because we find, lamentable as is the fact, that the well-being of the country has been sacrificed to hasty and superficial views of the theory of this question, which have been entertained by men who, from their position, have been looked up to as undoubted authorities in these matters. Will it be believed that this erroneous and superficial view of the subject which I have just been exposing is the view which has not only been entertained but acted upon by our greatest practical men: men, to opposewhose opinion would have been looked upon as the height of folly and presumption, yet men who have overlooked the simple principle that the productive classes could be as well relieved from that taxation which did not belong to them, by deducting the tax from all the payments they had to make, as they could be by adding the tax to their receipts? We can hardly think this would be believed, did we not know, from all history, what fatal and gross errors may be committed in the application of every branch of human knowledge, if erroneous or even imperfect principles be acted upon. To shew you what class of men — what order of statesmen have been acting upon these imperfect views of the currency, I will relate an anecdote, the circumstances of which came under my own personal observation. — A distant relative of my own, residing in the country, and being the rector of the parish, is on visiting terms with an important member of the present Government, a gentleman who sustains an office that renders some knowledge upon these questions almost necessary. A few years ago my relative put a little work on the currency, distinguished for its simplicity, into this gentleman's hands, and shortly afterwards asked him what he thought of it. The reply was, "Why the fact is, I don't know much about the subject; we, in Parliament, leave all these matters in the hands of

Baring and Peel." You see, therefore, that it was thought almost impossible for Baring and Peel to be wrong, and you perceive, likewise, that if such men as Mr. Baring and Sir Robert Peel did happen to entertain a fallacy, which, by the bye, is very easy on such a subject as the currency, it is a hundred to one but the fallacy is acted upon, and the prosperity of the country impaired in consequence. Now, would it be thought that Mr. Baring himself, one of the two great authorities to whom is confided the conduct of all such questions, is one who has been misled by the plain and palpable fallacy I have been just describing? It is, however, the case; for here is a report of what Mr. Baring said on the debate respecting the agricultural distress in 1834: —

"He undoubtedly concurred with the Hon. Member for Yorkshire (Mr. Cayley) in thinking that the distress of the farmers arose from insufficient prices, but he did not see how any diminution in the value of the coin could better the farmer's condition. It made no difference whether he sold his wheat at 40*s*. per quarter or for 80*s*., if in the latter case the value of the shilling was reduced one half. He had heard several farmers attribute their difficulties to the alteration of the Winchester bushel, and he really thought that their notion was not more absurd than the idea that a depreciation in the value of the currency was calculated to benefit the agricultural interest. The distress of the farmer arose from lowness of prices; and that was occasioned by the great supply of corn from Ireland, where labour was cheaper, and where poor-rates and other charges did not press so heavily as on the farmers of England." — *Times*.

To this, Mr. Taylor, in his "Catechism of the Currency," p. 66., most truly replies: —

"When Mr. Baring, who is so great an authority on the subject of the currency, declares that he cannot see how the farmer is to be benefited by receiving 80*s*. instead of 40*s*. per quarter for his corn, if the 80*s*. are to be of equal value with the 40*s*. in the precious metals, we ought not to wonder at the want of knowledge displayed by other people. A plain farmer, however, might have told Mr. Baring that it makes a most material difference to him whether he has to pay his rent and taxes and all other outgoings out of 80*s*. or out of 40*s*. per quarter. He might add, that this difference is no boon to him, for that he is fairly entitled to 80*s*. if the taxes have doubled the cost of the production of corn, as it is clear they have; and that he now gains no more by the 80*s*. than he formerly did by the 40*s*., when the taxes were in proportion. He might further inform Mr. Baring that our merchants would be enabled, without any disadvantage, to carry on all branches of foreign trade by means of that very conversion of 80*s*. paper into 40*s*. metallic currency, which seems to him so absurd a measure; and that, in fact, it is a provision which would benefit the tradesman and manufacturer, quite as much as the agriculturist. I am not surprised at the low opinion Mr. Baring entertains of the capacity of farmers, if he has among his tenantry those who speak of the change of the bushel as the

cause of their distress; but I trust that the farmers in other parts of England will prove by their petitions against Sir Robert Peel's Bill, that they are not obnoxious to this taunt."

But we have now a second question to put to Sir R. Peel and those who concur with him in his principles of currency, namely,—"How are the taxes to be made to fall upon people according to their property, if, notwithstanding any increase of taxation, the Pounds they receive in their income are to experience no diminution in their power of commanding commodities?"

There are but three ways in which taxes can be made to fall upon people. The first is by direct taxation, such as an income or property-tax; a person having 100 golden pounds per annum, and the tax being, say 10 per cent, the Government takes away 10 of the pounds from the person, leaving him 90 for himself.

This is direct taxation, and if the revenue be entirely collected in this way, there will, as we said before, be no necessity for any alteration of the present currency, nor of Sir R. Peel's present Pound.

But, unfortunately, very little of the revenue is collected in this way. Generally speaking, we leave people in quiet possession of the *number* of Pounds, which their rents, investments, interests, and businesses bring them in; and this being the case, there are but the remaining two methods by which they can be taxed, namely, either by making them pay 10 per cent. more for their commodities, by which means a man with 100*l.* a year will only obtain for his 100*l.* as many goods as 90*l.* formerly purchased, and he will thus lose ten of his Pounds; or, secondly, by diminishing the value of each of his 100*l.* 10 per cent., by which means he will also lose 10*l.*

With regard to the first of these two methods, viz. making the man pay 10 per cent. more for his goods, we have shewn that, if the Pounds which are in circulation be golden pounds, this is impossible; as it is directly in opposition to the laws of commerce and exchanges that more gold shall be obtainable for goods than is equal to their intrinsic value. If taxation is to be levied in this way, it will fail to reach the parties it ought to reach; but will remain where it is first imposed, namely, upon the producers of goods.

If, therefore, the first method of direct taxation be not re-

sorted to, and the second method fail because it is opposed to all the laws of commerce and exchanges, there remains but the third method, namely, to tax the man by lessening the value of each of his Pounds 10 per cent.

This is the plan which would come into operation if a currency system were established which would allow gold and silver to rise with other commodities. If taxation increased, the Pound would become less valuable, because it would command less wheat, less gold, less silver, less every thing else. If taxation were repealed, the benefit of the repeal would be felt by the possessor of the Pound, by the Pound becoming more available to purchase wheat, gold, and other things.

And if this last plan of currency be not adopted, but Sir Robert Peel's acted upon instead, the productive interests of this country, both agricultural and manufacturing, must prepare for a degree of continuous depression and adversity to which they have hitherto been strangers,—great as their sufferings at times have been. For, though the principle of the new measure propounded by Sir R. Peel is just the same as that of his former Currency Bill of 1819, yet it is important to remark that the principle of that Bill has never yet been fully carried out. Prices have never yet been suffered to sink for a permanence to the low level which it is the natural tendency of that Bill to effect. They have *always* been kept up by the paper currency of the country at a *higher* rate than could possibly be obtained under a currency strictly conformable to the standard established by that Bill, and at times prices have been for a short period even remunerating. But this new measure of Sir R. Peel's is to put an end to these alternations of prosperity and distress. Fluctuations are to be prevented: but how are they to be prevented? No doubt by producing one continuous level of low prices which will never permit of that just return to producers in general which a system of indirect taxation renders necessary. The agriculturist may think that he is secure against this depression of prices, being protected by the operation of the corn laws; but we respectfully advise him not to be too sure of that. Even if the corn laws are continued, and *bonâ fide* acted upon, —if they are not in any way shirked or neutralized by double dealing, yet the depressing effect of these new currency regulations upon all other branches of industry not protected like

farm produce, must re-act very injuriously even upon land. The farmer cannot prosper long, if all around him are in adverse circumstances; and there is no question but that the natural tendency of the measure is to bring down the prices of all commodities to the level of the lowest priced countries, where no taxation of any amount prevails. The lowness of price to which all other things will thus be brought by this measure, will make the higher price obtained for corn stand out in more prominent and ungracious relief; and stimulate to a greater pitch of enthusiastic determination those exertions which are being made to adjust the prices of agricultural produce to the prices of other commodities. The corn laws cannot stand long if the community at large become really distressed; and we think it will be unwise if our landowners allow this fearful experiment to be made.

And such a result as this *must* follow the adoption of the principle openly avowed by Sir R. Peel; he says it is his express object to bring all the paper currency of the kingdom to the same value as gold. His words are, "What I want is this, that I shall have an ample supply of that paper currency whose value shall be exactly conformable to gold." Now this has a very specious and plausible appearance, and the very idea of the Premier being able to establish such a currency as this was welcomed by the cheers of the House. But it will be found on examination that this is the very principle which if carried out will annihilate the prosperity of all the productive interests of the country, but more especially that of the agricultural interest. What is the meaning of the paper being of the same *value* as gold? Paper of itself has no intrinsic value, it is its value in exchange that constitutes the only value of paper. It is clear, then, that it is the exchangeable or purchasing value of paper which Sir R. Peel wishes to make equal to that of gold; that every pound of paper shall be equal in purchasing power to 5 dwts. 3 grs. of gold; that no higher prices shall be obtained in the general currency of the country for products of any kind but what is the equivalent of these products in gold. Now, I venture to say, that if Sir R. Peel is permitted to effect this avowed purpose of his, if the agricultural and other productive interests of this country are so utterly blind to their own welfare as to allow Sir R. Peel to consummate this intention,

and if prices are actually brought down to the gold price, then wheat will be brought down to about 34*s.* a quarter, for this is its natural price in gold. The higher you make the value of that instrument for which your goods are exchanged, the lower do you make the goods which you exchange away. Observe, I do not mean to say, that do what Sir Robert Peel will, he can bring down wheat to quite as low a price as this, for there are the expenses of importation, which form a natural protection to the farmer to some small amount; and where there is a population like ours, increasing rapidly every year, the increasing demand will keep an article like wheat up to the highest price possible. The price I think wheat will come to on an average under the full operation of Sir R. Peel's currency measure will be somewhere about 45*s.* a quarter; and if the agriculturists of this country can live in comfort and respectability upon this price with the prices of all other agricultural productions in the same proportions:—if they think they can, upon such prices, pay the various rates, taxes, and assessments made upon them, and keep the poor from starvation;—if they can discharge the various obligations arising from family settlements;—if they can pay off incumbrances arising from moneys advanced to effect improvements on their estates;—and if they can find it a safe and profitable speculation to take up more money to continue and extend such improvements;—I say, if they think they can do all this, and still receive proper remuneration by selling wheat at 45*s.* a quarter, then let them join the low-price gentlemen in cheering on Sir Robert Peel in his great plan of currency reform; let them have the honour of lending a helping hand to establish that "sound and wholesome system," which will allow of no addition to the prices of corn or other commodities from the general weight of taxation. But let them not be surprised some four or five years hence, to find the county newspapers rather inconveniently crowded with advertisements of sales of stock and farming implements,—let them expect to hear from their tenant farmers, that half or the whole of the capital which they had invested in their farms, had become absorbed;—let them expect to experience the absolute necessity they will find themselves under at every audit, of making some considerable abatement of rent, and perhaps, in some cases, of foregoing it entirely; and, finally, when the time arrives when this notable scheme has come into full play, let them expect to

see those men, who were wise enough to keep till this time their property in money securities, which could be realised at any moment, able to invest their cash in land, at a price which will cause many a noble estate to pass away from the hands of its possessor.

Then, and I fear not till then, with reference to many, will be learned, by the sufferers, the inevitable and disastrous effects of a paper currency, whose value shall be exactly conformable to gold, in a country circumstanced like our own. Then will they experience the dire effects of that apathy, or that rash confidence which prevented them making themselves personally acquainted with this momentous subject, but which led them to trust their dearest interests in the hands of one man, and upon his sole decision to risk the possession of their very estates.

That the express tendency of Sir Robert Peel's scheme is to bring every kind of product down to its own natural price in gold, that is, to assimilate the prices of articles in this country to the lowest prices prevailing for these articles in other countries, thereby making no provision for the higher prices which every producer feels he requires in this country—that this is the express tendency and object of Sir Robert Peel's new currency regulations, is evident from the whole tone and complexion of his speech. It is so important to understand this, that I am sure I may be forgiven, if I even run the risk of having to repeat the same arguments, in calling attention to any parts of the Premier's speech, which make this object palpable. Now, this is evident, from the way he talks about gold. The very reason adduced by the Premier why he thinks gold to be so pre-eminently fitted to be our measure of value is this: that it is an article of commerce, the possession of which depends upon the same laws which regulate the import and possession of all other articles.

Now what, let me ask, regulates the import and possession of gold and of all other articles? What will induce the foreigner to bring gold here, and what will enable us to retain it after we have got it? And what, on the contrary, will cause the exportation of gold, and consequently deprive us of this medium of exchange? Why, just this: — The foreigner does not send gold here for nothing, he sends it in the purchase of or payment for goods; and when does he purchase goods? Why clearly when he can purchase them as cheap or cheaper here than

any where else. If his gold will fetch him more of commodities by sending it to another market, he will send it there and buy in that market. It is evident, therefore, that we can only *ob*tain and *re*tain the gold by assimilating the prices of our commodities to the lowest prices of those commodities in other countries, and this is what Sir Robert Peel's plan goes expressly to effect. Sir Robert Peel desires to see gold either go abroad or come from abroad, in obedience to the same laws which regulate the importation or exportation of all other commodities. He desires to accomplish a perfect equilibrium of gold currency between this and all other countries, but he must either overlook the fact, that an equilibrium of currency will bring an equilibrium of prices, or he must intend that such an equilibrium of prices shall be effected. One hardly knows which system it is that he wishes to see carried out, for he acts upon one system with regard to corn legislation, and upon another with regard to his currency measures. When he is legislating upon corn he says, that such are the heavy burdens to which producers in this country are subjected, that though 34*s.* is the natural price of a quarter of wheat, yet the farmer must receive 56*s.* Yet, when he comes to his currency legislation, instead of adopting measures to carry out and render practicable this just increase in the price of corn and of all other productions, he takes steps to prevent this increase as far as the currency can effect it, and legislates for prices to become as low here as in other countries, where no taxes are levied on commodities. He acts therefore in opposition to himself, and in opposition to that sound maxim which we cannot too often quote. "When taxes are laid upon commodities, their prices must necessarily rise in a corresponding proportion, otherwise the producers will not obtain the ordinary rate of profit."

But the tendency of Sir Robert Peel's currency regulations is not only to lower prices by assimilating them to the lowest priced markets, but also as an effect of this depression of prices, greatly to increase the amount of taxation. Whether taxes are light or heavy, depends upon the amount received to pay them with,—100*l.* a year to a man who had 10,000*l.* a year would be a light payment, but to a man who had only 150*l.* a year it would be a ruinous deduction from his income;—so in like manner will our taxation be, in some proportion, light or heavy

according to the amount of our receipts. Now what forms the receipts or revenue of the country? What is it that furnishes the fund out of which the taxes are paid? Why, the sale of the productions of the country, agricultural and manufacturing, and the amount of taxation will entirely depend upon what quantity of these productions it will take to pay them, and the quantity of these productions that it will take will depend upon the prices obtained for them. The lower you force down the prices of goods, the greater quantity will it take to pay the taxes. Through the influence which Sir Robert Peel's Currency Bill of 1819 has already had in lowering the prices of commodities, taxation has been made much greater since the war terminated, than it was during the war. Even reckoning it in wheat, an article which has in some degree been shielded from the effects of that measure, we find that on an average of fifteen years, taxation had been increased about 30 per cent.

FIFTEEN YEARS OF WAR.

1800 to 1815 - 13,953,719 quarters of wheat.

FIFTEEN YEARS OF PEACE.

1815 to 1830 - 17,191,160 quarters of wheat.

Now it took this increased quantity of wheat, notwithstanding that the price realised on an average of the whole time was 65*s.* a quarter. How much more wheat will the taxation take if wheat be reduced by the new currency regulations, from 65*s.* to 45*s.* per quarter. The inference is so obvious, that it would be a waste of time to dwell longer upon this point by way of argument, and we will, therefore, proceed to lay before you a few facts, to shew you to what extent the burdens of the country have been increased already, by Sir Robert Peel carrying out his bill of 1819, as far as he has already carried it out, and then leave you to judge whether any words have ever yet been invented, which (if we were disposed to express ourselves angrily towards Sir Robert Peel) would be strong enough to express that burning indignation, which every man ought to feel, to see so much injustice perpetrated, and so much suffering induced.

For the first part of the unnecessary additions to the burdens of this country, Sir Robert Peel is not responsible, namely, the way the loans were contracted during the war; but it is necessary, nevertheless, that we should describe it, that the whole case may be understood.

During the last war about 520 millions of our present national debt were contracted, and it is naturally and reasonably supposed by most persons, that 520 millions of money were actually borrowed and spent to carry on the war: but this is a mistake, no more than that which was equivalent to about 215 millions of our present gold currency were borrowed, and the other 305 millions have been added, without a farthing of value having been received for them. This addition has been effected by the method of contracting the loans in the first place, and by Peel's bill of 1819 in the second place.

To understand this, you must know that at the time Government borrowed the money to carry on the war, the common interest for money was 6 or 7 per cent. Government, however, instead of borrowing the money upon a stock which was to bear this rate of interest, kept borrowing money on a 3 per cent. stock, and the way they borrowed it was this. They would say, we want to sell 30 or 40 millions of a 3 per cent. stock, who will give us the most money for it? Now it is evident, that if capitalists could make 6 or 7 per cent. for their money in other ways, they would not lend it to Government at 3 per cent. They therefore said, if it is to be a 3 per cent. stock, we can only give you *50l.* or *55l.* (as the case might be) for each *100l.* of this stock. If you will create a 6 per cent. stock, that is, pay 6 per cent. interest, we will give you *100l.* money for every *100l.* of the stock; but if it is a 3 per cent. stock, we can only give you *50l.* Thus the Government only received *50l.* in money, though it was recorded as a debt against the country of *100l.*; each purchaser of *100l.* of this stock having a written acknowledgment given to him that the country owed him *100l.*, when perhaps he only gave *50l.* or *55l.* for it.*

* We are quite aware that it made no difference at the time the money was raised, whether the loans were contracted in a three per cent. stock or in a 6 per cent. stock, that it was of no importance whether the government borrowed two principal sums of *50l.* each, and paid two sums of *3l.* per annum as interest for them, or whether it borrowed a principal sum of *100l.* and paid *6l.* per annum as interest for it. We say, we know it made no difference at the time, but the evil is that it has perpetuated a high rate of interest for these loans for ever. Had government said thus: — "We are aware money is at a high rate of interest, 6 per cent., and we must of course create a stock bearing this rate of interest," Government then could have raised the same amount of money by creating half the quantity of stock. That 300 millions of stock

In this way were created, though not all in the 3 per cents., 520 millions of the national debt, which stand charged against us at that amount, while the sum actually received was only 306,800,000*l.*, the average rate paid for 100*l.* of stock from 1793 to 1815 being about 59*l.* Bank paper money received for every 100*l.* charged to the country. Thus, in the first place, was 213,200,000*l.* at once put down to us which was never had at all.

One would have thought that this was surely a sufficient overcharge to the country; but Sir Robert Peel did not think so, for now comes his share in the business. This 59*l.*, which had been received by the Government, for every 100*l.* of stock was not 59*l.* in golden sovereigns or guineas; it was 59*l.* in a currency of a different nature, one which was capable of that diminution in the value of the pound which we have shewn a system of indirect taxation calls for. This 59*l.* was lent to Government in notes of the Bank of England, which had so diminished and properly diminished in value by the process already explained, that each 1*l.* note was worth only 14*s.*, as compared with our present currency.

By reference to some tables that we are able to produce, you will observe what goods the paper currency commanded compared with what goods the gold currency commanded, and will judge what was the value of the paper pound.

[Tables were here exhibited to show that 46*l.* in paper were only equal to 34*l.* in gold, and that this relative value prevailed both with regard to the gold currency existing previous to 1797 and subsequently to 1819.]

Now, gentlemen, you have a full and complete view of the addition to our burdens which has been brought about by Sir Robert Peel and his coadjutors. Now, you see one great cause of the misery and depression of the country, of respectable families brought to ruin, of men unable to make headway against low prices, and profits, and heavy taxation. But this,

would have raised them as much money as 600 millions did, and the advantage would have been this: — Government could have said, money has now fallen from 6 per cent. to 3 per cent., and we will give notice to the holders of the stock, that we will raise fresh loans at 3 per cent. and pay off those to whom we are paying 6 per cent. interest, thus saving half the interest. Government cannot now, however, do this, as, in order to effect this purpose, it would have to pay 600 millions of money instead of 300 millions, because it has made itself liable to double the amount of money borrowed.

gentlemen, is not enough; this very night is Sir Robert Peel to move the second reading of a bill which is still more to lower prices, profits, and wages, without lowering in a corresponding degree the burdens of the country. This night will the Premier, from the ignorance of the country, and the apathy of the Legislature, rivet still more firmly the fetters of industry, and deprive labour more surely and fatally of its due reward.

I dare not trust my feelings to go on with this part of the subject. I wish not to declaim, but to reason. I wish to convince your judgment, not to act upon your feelings; and I therefore resume the argument upon this important question.

You will recollect that the main point that I have been aiming at — that which I wished most clearly to convince you of the truth of, was this, that the "Pound," as a denomination of money, ought not to be or to represent an invariable quantity of gold or silver. It will no doubt be felt by this time that there must be some precise point in this question in which, according to our opinion, Sir Robert Peel either fails to see that which we believe to be the truth, or totally mistakes it; and it may possibly be desired by some present, that I would concisely state what that point is. I will do so. Sir Robert Peel appears to me evidently to be wanting in a clear conception of the difference between "Money" and the commodities gold and silver. Sir Robert Peel seems to have no idea that it is the necessary, just, and proper result of indirect taxation to lessen the value of money. Mark, I do not say to lessen the value of gold and silver, but of "Money." There is an important distinction here, of which few people have any conception. I may explain it to you by a simple illustration.

Here is a shilling, and I find that the value of this shilling depends upon the amount of taxation resting upon goods. In the first place, fix upon any commodity you please, and say that its natural price without any taxes is 6*d.* per lb., then my shilling is worth 2lb. of that commodity. But, in the second place, taxation may have raised the price of this commodity to 1s. per lb., if so, my shilling becomes only worth only 1lb. of that commodity. My shilling will actually have fallen 50 per cent. in exchangeable value from the taxation having doubled the price of commodities. This is the case with all "Money" truly and properly so called; its value will necessarily depend upon the

prices which goods realise in it; and if our present currency were merely "Money" and nothing else, its value would be determined in this manner. It would alter, and become either more or less valuable as taxation were diminished or increased. But our present currency is something more than mere money, whose value is to be determined by the quantity of goods for which it is made to exchange. Our currency is a commodity as well as "Money." Our golden sovereign is not only a pound, but is also 5 dwts. 3 grs. of gold; and though its value as a pound may alter, yet as 5 dwts. 3 grs. of gold it cannot alter, as long as the labour necessary to raise it from the mines remains the same.

The great evil in our present system is, that one or two commodities, gold and silver, which have a fixed and natural value in themselves as commodities, are selected from the mass to be made *money* of, in which character of *money*, they are required to fight against their character as commodities. As money, they ought, as we have seen, to become less valuable as taxation increases, but as *commodities* they cannot permit of this decrease in value, for they still embody in themselves that fixed amount of labour which constitutes their value, and which is never altered by taxation. It is this subtle point that is not seen by people in general, nor even by the majority of political economists. They do not clearly apprehend this most important fact, that gold and silver, when shaped into coin, are absurdly made to sustain, or rather, it is endeavoured to make them sustain two characters and two values, namely their natural value as commodities, and their conventional value as money, and that their proper natural value as commodities is frequently in direct opposition to the value for which they ought to circulate as money or tokens of value. As tokens or money they ought to represent or purchase less or more goods as these goods are more or less chargeable with taxation, but as commodities, they ought to have an unalterable value as long as the labour necessary to produce them remains the same, and it is this inharmoniousness between these two characters which unfits gold and silver from acting as money in any State where indirect taxation is employed for the collection of the revenue.

Now it is only one of these two characters which Sir Robert Peel's currency principles recognise or provide for. He divides

pieces of gold into certain convenient portions, and lets them circulate as commodities according to their intrinsic value, but makes no provision whatever for their fulfilling their other character, that of money. This is quite lost sight of. There is no provision whatever made, by which no more than that lesser quantity of commodities shall be had in exchange for money, which indirect taxation naturally calls for. Sir Robert Peel's system is, in truth, no system of money at all. His system is a system to destroy money in the proper and original meaning of the term, which is that of a symbol or token of value. His system is a mere system of barter, by which one more convenient commodity than the rest is selected to be the medium by which to exchange all other commodities, and with this fatal drawback upon simple barter, that as the deduction which Government makes through taxation on all commodities ought to be provided for, this is rendered impossible, for certain sized pieces of this commodity being always at one fixed denomination or price, they cannot express that higher price which taxation renders necessary; or allow for that deduction in the quantity of any commodity obtainable for a given sum of money which the same course renders indispensable.

And I am the more convinced that this is the point in which Sir Robert Peel's acquaintance with the subject is deficient, because, after a most careful examination of his speech, I do not see the slightest indication that he has ever taken into account the proper effect of indirect taxation on commodities, and consequently upon any currency which is formed of a commodity intrinsically valuable. There is not the least symptom that Sir Robert Peel is aware of this simple truth, that as the proper effect of indirect taxation is to cause a less quantity of any commodity to be purchased for the pound or the shilling —less corn, less sugar, less every thing, so as to preserve the relative prices of all goods from distortion; less gold and less silver must also exchange for the pound or shilling, and not merely that the relative prices may not be distorted, but that the higher prices may be effectually secured for the other commodities.

Let any member of the House ask Sir Robert Peel this plain and simple question — Does he intend that the taxes levied on commodities shall be added to the price of the goods when they

are sold? If he answer—Yes, then tell him that his currency plan will fail to effect it, for its principles go only to provide for that quantity of gold which is of the same intrinsic value as the article, without including the taxes it bears. If, on the contrary, he say—No! then at any rate the country will understand what Sir R. Peel means, because he will plainly say that he intends to throw all the burden of taxation on the productive classes—that when taxes are laid upon commodities their prices shall not rise in a corresponding proportion, but that the producers shall pay the taxes out of their profits instead.

But some people (not bearing in mind that the higher prices which our system of currency would produce, would not be higher gold prices) are terribly afraid that these higher prices would completely drive us out of the foreign markets, whereas our system would be the very system to extend our foreign trade greatly beyond what it is at present. The fact of gold and silver *not* rising in our present system when other things do rise, prevents the foreigner dealing in our markets, while, on the contrary, if these metals were to rise with goods, the higher prices would make no difference to him. For suppose a foreign merchant came over here to make purchases when our goods have, through taxation, risen in our own domestic currency from 2*l.* to 3*l.*, this rise will be of no consequence to him if gold and silver have also risen, for though he pays the higher price for the goods, yet he receives an equally higher price for the gold or silver money which he brings to pay for them, so that this gold and silver still exchange for the goods. But if our goods rise in price, while gold and silver do not rise likewise, the foreigner's money will not pay for the goods, and he will be compelled to go to another market where it will buy them. It is one of the greatest evils belonging to Sir Robert Peel's system of currency, that it either unnecessarily hinders our sales to foreigners, from our goods being too high in price for them, or if our goods be brought down low enough to enable the foreigner to deal with us, then our productive classes do not recover the taxation which attaches to all our commodities. Let gold and silver rise with goods, and our productive classes will be amply remunerated, without requiring from the foreigner a higher price in gold or silver than he must give elsewhere.

Having now shewn how injurious in every point of view is

Sir R. Peel's system of currency, let us look for and discover, if we can, what is, and what was, the frightful and deplorable circumstance connected with the condition of our country, which, in the opinion of Sir R. Peel, rendered the Currency Act of 1819 necessary, and from which circumstance, we being still in danger, these new currency regulations are rendered indispensable. Had we heard that it was the intention of Sir R. Peel to effect some improvements in our currency system, and had we been left to divine what it was probable the Premier would have said, we should have thought it most likely that he would have dwelt upon the deplorable circumstances in which the agriculturists of this country had at various times found themselves involved, and which had led to two or three committees being appointed by Parliament to inquire into the causes of distress; we should have thought that he would have alluded to the frequent depressions in the iron districts, giving rise to memorials to Government, and earnest entreaties from the iron masters that some steps might be adopted to raise the prices of their produce so as to realise them some profit, and prevent the necessity of blowing out their furnaces. We should have thought that the distresses of other branches of our manufactures, such as the silk trade and some branches of our cotton trade, would have been recounted; and that it would have been stated that, after careful consideration, the conclusion had been arrived at, that it was for want of steady and sufficient remuneration, through want of compensating prices in all the departments of industry, that this deplorable state of things was produced; that people had to work harder and receive less pay than they had to do when the country was not half so rich in the aggregate in material wealth as it is now. Further, that this want of remuneration for industry was evidenced by the alarming increase in Poor-rates, in the increase of crime, and by the necessity which existed for originating police establishments throughout the country. We should have expected further that the Premier would have drawn this palpable inference; that, as the wealth of the country had in the aggregate increased instead of having diminished, that it was certainly not from want of a sufficient fund that this distress existed; that it was rather a want of the means to make accessible, in fair proportions to all ranks, the wealth which was being abundantly produced; that the means of distri-

bution evidently did not at all keep pace with the powers of production; and that as a necessary measure to put an end to this deplorable state of things, he had come to the determination of expanding and enlarging our distributive powers; that they might be more in accordance with our enormous powers of production, which were every day producing wealth faster than our present means of distributing it could circulate throughout society. We say we should have expected that these would have been the kind of sentiments to which the Premier would have given utterance, and which he would have advanced as a justification of his measures for regulating upon a better principle our monetary system. But alas! alas! what do we hear instead? We hear that the proposed regulations are regulations of contraction rather than of relief and expansion; that though production increases, the means of distribution shall decrease, and that the more goods there are to exchange, the less money there shall be to exchange them with. We hear also that the principle is to be adopted and acted upon, that when we lose one part of our money—our gold money,—then shall be taken from us, in similar proportion, our paper money; that standing, as we do, upon two crutches, one of gold and the other of paper, should we unfortunately or by design be deprived of one crutch, the other shall immediately be knocked away from under us. And all this to prevent what frightful circumstance—what deplorable calamity? Why really, gentlemen, on Sir R. Peel's account I am almost ashamed to mention it, to prevent what is called the foreign exchanges turning against this country,—a circumstance which, if rightly understood, would be seen to be the very safeguard and protection of the country from suffering loss by the foreigner; and the very thing which would accord ample and remunerating prices to all our productive classes both agricultural and manufacturing.

As it is very important to have a clear conception of the ground upon which Sir Robert Peel bases these currency regulations, it is quite necessary that this part of the subject should be clearly elucidated; that, in the first place, a right conception may be formed of what is meant by the foreign exchanges turning against this country; and, in the second place, to ascertain whether there be all the evil in this circumstance Sir R. Peel seems to insinuate; and we hope that those

of our audience who understand these subjects, will bear patiently with us should we be a little elementary in our explanations, as there may possibly be some present who have never had their attention turned to the matter.

There are more senses than one in which it may be said that the exchanges have become unfavourable to the country, but the sense in which we wish to explain it is that in which Sir R. Peel used the expression when he said that, in the year 1810, "men of sagacity observed that the exchanges had been, for a considerable period unfavourable to this country," and the origin of which Sir Robert traced to "that *fatal* measure, as he called it, the Bank Restriction Act." Now, the exchanges are mere simple calculations of the value of our own money denomination — the Pound, in the money of other countries. For instance, our present sovereign is found, on comparing it with French money to be worth intrinsically 25 francs 20 centimes of that money; — this, therefore, is called the par of exchange. In like manner, compared with the money of Amsterdam, the sovereign is found to be worth about 11 florins, — this par of exchange is founded upon the intrinsic worth of the silver and gold contained in the different coins. Now, what Sir Robert Peel says "men of sagacity in the year 1810 observed, was this" — that whereas the paper pound had formerly been worth 25 francs, 20 cents in French money, it was found by these men of sagacity that, at successive periods, it kept constantly decreasing in value when compared with the money of other countries; — that, compared with French money, the pound so fell in value as that it became, successively, worth only 24, 23, 22, 20, 18, and even as little as 17 francs, some odd centimes, — that is, that the one pound Bank note, which would have formerly purchased the silver contained in 25 francs, 20 cents, would only, at last, purchase the silver contained in 17 francs.

Now this is the evil Sir Robert Peel complains of, the evil which his great currency measure of 1819 was intended to remedy, and the evil, the recurrence of which, his present currency regulations are to prevent the possibility of. But what in truth was this evil? What was it? Why, just this, that we possessed a medium of exchange in which gold and silver could advance in price like all other commodities: the general taxation of the country rendering the advance in price neces-

sary for all commodities, and the bank note circulation (through permitting gold and silver to rise likewise) rendering the advance possible. Silver and gold so rose in this bank note circulation, though it was in defiance of law that they rose, that at last only the silver contained in 17 francs could be purchased for the pound, instead of the silver contained in 25 francs. But then this was the very thing which permitted our farmers to realise from 8*s.* to 10*s.* per bushel for wheat — our iron masters to realise 7*l.* to 8*l.* per ton for iron, and all other productive interests, those ample and compensating prices which have been falsely attributed to our being in a state of war. Had silver and gold not risen, these ample prices could not have been obtained; and when Sir Robert Peel succeeds in persuading Parliament to allow him to establish so stringent a system of currency as shall not permit of the exchanges being *against* this country, as it is called, then will all producers find that they must be content with the natural gold price for their goods, and that whatever taxes may be imposed upon these goods, they must pay them out of their profits, instead of adding them to the prices of their commodities.

But some may object and say, " That is not the way to state the case. Instead of saying that gold, silver, and other commodities rose at that time, you ought to say that the pound fell in value — that the bank note was depreciated — that it fell successively to 19, 18, 17, 16, and 15 shillings." Well, I have no objection to state the case in that way; for, taking it in that light, it will illustrate to you the proper, just, and necessary consequence which I have shewn you in a previous part of this lecture ought to follow the imposition of taxes upon goods — that consequence being the lessening the value of money; and you will recollect that I pointed out that it was the great evil of the currency we now have, that, being a currency of unalterable intrinsic value, it could not lessen in value in proportion as indirect taxation rendered it absolutely necessary should be the case.

But not only did that rise in the price of gold and silver, of which the unfavourable state of the exchanges was an evidence, confer remunerating prices upon industry at home, but it prevented that enormous loss which we should have suffered at the hands of the foreigner had the exchanges not fallen in that way,

and which losses we have suffered since Sir Robert Peel's currency principles have been fatally adopted by Parliament, when the general prices of commodities rose in our markets through heavy taxation, from 4*l.* to 6*l.* What would have been the result, if when the foreigner had sold goods here for 6*l.*, for which he formerly only got 4*l.*, he had been enabled to take in payment 6 English pounds undiminished in value,—still worth the 25 francs each? Why clearly this, that he would have obtained for his goods six times 25 francs, that is, 150 francs instead of 100 francs, their real value. We did allow the foreigner 6*l.*, it is true, for his goods, but they were 6*l.* worth according to the *unfavourable* state of the exchanges, as Sir Robert Peel calls it, only 17 francs each. Now 6*l.* at 17 francs each, amount to 102 francs, or much about the same price as 4*l.* at 25 francs each. The foreigner, therefore, did not take from us more than the fair value of his goods; he got a higher nominal price, but by the fall in the exchanges this was made a mere nominally higher price and not a real one. But what is the case now, whenever from any cause our markets do rise higher than usual? why this, that if the foreigner can manage to sell his productions in these high prices, they are really higher prices, because he can demand in payment a Pound, which by Sir Robert Peel's policy is kept constantly at 5 dwts. 3 grs. of gold, and of course invariably worth 25 francs 20 cents of French money. It would be protracting this lecture to too great a length, to enter fully into this part of the subject; but perhaps what we have said may suggest ideas in the minds of the audience, as to what may possibly be in a great degree the cause of that great excess of exports over imports, which many have superficially thought to be a proof of our prosperity, while at the same time it has turned out that the more goods we sold, the worse off we were. We shall therefore dwell upon this part no longer than to remark, that the following extracts from the public press, seem to indicate that the real truth of the case is beginning to be apparent even to those who have been among the greatest sticklers for Sir Robert Peel's currency principles. The "Morning Chronicle" thus remarked a short time since:—"Imports as well as exports are necessary to constitute a profitable trade, and it does not depend so much on what is exported, as what is received in return, whether the trade is a gaining or a losing one."

So also the "Globe," as follows: —

"At every opening session, and in every Tamworth harangue, before he took office, the increase in our exports furnished Sir Robert Peel with his stock topic in answer to all the complaints of commerce, and all the attacks on the corn laws. It was useless to tell him that increased exports did not necessarily prove an increased trade; but might equally indicate a depressed home consumption, and a depreciation in the value of goods, the *export of which was forced* to relieve the home market of a pressing excess, and to bring back the gold, which large *importations of corn at high prices* are draining from us." It is indeed clear, that if we are allowing the foreigner better prices in our markets than we are obtaining in his, we must export as many more goods as will make up the difference.

We come now, gentlemen, to the last point to which we shall be able at the present time to direct your attention; namely, the plain insinuation of Sir Robert Peel, that the Bank Restriction Act gave rise to a system of money which had had no previous parallel in the history of the couutry. The Right Hon. Baronet's words are, alluding to the Bank Restriction Act, that it "led not only to a new course of practice in monetary affairs, but to new theories and notions as to the standard of value." Now, this *new* course of practice in monetary affairs, as Sir Robert Peel calls it, could of course be no other than the general circulation of the bank note as a legal tender, the said bank note not possessing any intrinsic value, and not convertible on demand into fixed quantities of gold and silver. But I beg to acquaint you, gentlemen, that this, instead of being a new practice, was the ancient course of practice in this country's monetary affairs; that such a thing as an entire circulation of metallic currency, or of representative currency convertible on demand into fixed quantities of gold or silver, was, until the establishment of the Bank of England, unknown in this country for 600 years previously.

From the time of Henry I. down to the reign of Queen Anne, a period of 600 years, there was in circulation concurrently with the coin of the realm a large quantity of Exchequer money in the shape of the Exchequer tallies, which tallies were a legal tender at the Exchequer, and received there in payment of taxes at the amount inscribed on them. The origin

of these tallies is well worth knowing, and ought to be particularly interesting at the present time, as the necessity for them was caused by the system of taxation adopted by Henry I. The monarchs who preceded Henry I., William the Conqueror, and William Rufus, derived their revenues partly from immense estates held by the Crown, and partly by taxes and services levied in kind upon the people, which taxes and services might, however, be commuted for money at the option of the person paying them. Thus, the payment of an ox, or of bread for 100 men, might be commuted by the payment of one shilling, and the payment of a sheaf, or of provender for 20 horses, might be commuted by the payment of 4 pennies. Henry, however, in granting a charter, by which lands were held upon a more secure tenure, introduced a clause by which those provisions which had hitherto been furnished in kind to the monarch were for the future to be rated at certain prices, and collected absolutely in the coin of the realm. This arrangement tended, of course, to make coin comparatively more rare and indispensable, and to originate a necessity for some more extensive circulating medium than then existed. To supply this, Henry instituted the office of the Exchequer, and issued from it these Exchequer tallies, which were made a legal tender to Government in discharge of taxes.

We see, therefore, that though Henry did ordain that payments to himself should no longer be made in kind, but in money, he wisely and considerately took care to furnish his people with the means by which such payments might be made, and it is important to remark, that during the time these Exchequer tallies circulated, more remunerating prices were obtained for the products of industry than could possibly be realised after they were put an end to. By reference to a table furnished by Sir George Shuckburgh Evelyn to the Royal Society in 1798, it would appear that wheat was at least 1*s.* 6*d.* a bushel lower for three quarters of a century after the establishment of the Bank of England than it had been for 500 years previously. Even if we doubt the accuracy of this table, from the remoteness of the times to which it has reference, we are informed by M‘Culloch's Commercial Dictionary, that wheat was 1*s.* a bushel lower for half a century after the establishment of the Bank than it was for half a century previously.

Unfortunately, however, for the country, the civil wars, and the distractions of the Revolution, so weakened the confidence of the people in the integrity of the ruling powers, that all Government securities, such as Exchequer bills and tallies, fell to an enormous discount. Sir John Sinclair informs us that these securities were at a discount of 40, 50, and even 60 per cent. This placed the Government in circumstances of great embarrassment, in the midst of which a few individuals came forward and projected the Bank of England; and as the projectors agreed to lend the whole of the capital of the Bank £1,200,000 to the Government at 8 per cent. interest, the Government gladly availed itself of so convenient a loan, when its own credit was at so low an ebb; and allowed the new Bank note circulation shortly to supersede the old Exchequer money which had been in use for so long a period, and which had rendered such essential service to the state.

If we refer first to what Dr. Davenant writing in 1698 says, and secondly, to the circulation of the Bank for twenty years afterwards, we shall discover what a deplorable difference to the country this substitution of Bank paper for the old Exchequer money of the country made. At the first mentioned period, Davenant says, "We had upwards of 14,000,000 in tallies, lottery tickets, Bank stock, malt tickets, and securities of the like nature, which went from hand to hand, having their foundation in the public faith." And he adds, "In this kind of currency, the landlord received his rent duly, the farmer sold the product of his land at a high rate. Wool, tin, lead, and leather, bore a great price, and which was of great consequence, the manufactures of the kingdom went on cheerfully."

A very different state of things, however, is unfolded to us when the Bank obtained control over the circulation of the country. Instead of 14,000,000 of credit currency circulating, which allowed of remunerating prices to all producers, as Davenant remarks, we find that so soon after as the death of Queen Anne, in 1714, the paper circulation of the Bank and of Exchequer bills together did not amount to more than 6,000,000.

The effect which this contraction of the currency had upon prices and labour we have already described; this depression continued during the first three quarters of the 18th century.

Towards the close, however, of the 18th century, many circumstances, which we cannot stay to describe, combined together to burst asunder the chains of a contracted currency, which had for so long a period bound the productive classes hand and foot; and in the year 1797 the old Exchequer tally system was in some measure restored by the Bank note being made a legal tender, without its being liable to be converted into gold at a fixed price.

It is not correct, therefore, as Sir Robert Peel has asserted, that the system of currency to which the Bank Restriction Act of 1797 gave rise, was a new course of practice in our monetary affairs. The fact is, that it was in a very great degree the resumption of the old system, which had been in practice for 600 years previously; and it would be more correct to say that the exclusive circulation of coin, and representative currency convertible on demand into coin was a new course of practice. The chief difference between the circulation of the Exchequer tallies and the Bank notes, under the Restriction Act, was this, that the nation had to pay interest for the use of the Bank notes, while for the use of the Exchequer tallies it had to pay no interest.

In conclusion, Gentlemen, we beg leave shortly to recapitulate the points upon which we think we have shewn Sir Robert to have been mistaken: —

1. That according to the practice, and the ancient monetary policy of this country, the Pound has not been what Sir Robert Peel described it to have been, namely, a certain definite (by which it is concluded he must mean invariable) quantity of the precious metals.

2. That, supposing it had been such hitherto, it ought no longer under the existing circumstances of the country, to be of such a character; for that the quantity of gold or silver to be obtained for the Pound, ought, as is the case with all other commodities, to be made to depend upon the amount of taxation upon commodities.

3. That Sir Robert Peel by means of his corn law legislation, has proved that the Pound should be very different to what he would make it by his currency legislation — and not only so,

but that the Pound ought to be a variable quantity of gold or silver, instead of a fixed quantity.

4. That unless it be so, goods cannot rise in price according to taxation, in obedience to the soundest maxims of political economy, and that neither can taxation be made to fall on the parties who ought to pay it. But on the contrary, if gold and silver be allowed to rise and fall like other commodities, the diminished quantity of gold or silver which people would receive in exchange for their Pounds, would act as the most perfect property-tax.

5. That the circumstance which has been represented to be such a dire calamity to the country, viz., the unfavourable state of the exchanges produced by the Bank Restriction Act, and which has given rise to all Sir R. Peel's fatal measures on the currency, was in fact that very circumstance which produced ample and remunerating prices to all our productive classes; and also prevented the foreigner from unduly profiting in our high-priced markets at our expense.

Lastly, That instead of the Bank Restriction Act giving rise to a new course of practice in our monetary affairs, it might more properly be described as a resumption of the ancient practice, which had existed for 600 years previous to the establishment of the Bank of England, and which the circulation of that corporation had unfortunately superseded.

I would beg to conclude by entreating you, that as Sir Robert Peel said that the whole foundation of his measure rested upon certain assumptions with reference to the Pound, and from which assumptions I hope I have made out to your satisfaction that the Premier had no good warranty, that you will exert the utmost influence you possess to prevent the dire calamities which must ensue should Sir Robert Peel succeed in establishing his system of Currency in all its stringency and rigour. With regard to the ultimate result I am perfectly at ease, as I know the truth must prevail in the end. The Premier's present success will ensure his final defeat, but the misfortune is, that this happy result will only be brought about by the intense sufferings of the people. If the further suffering of several years could be prevented by the exertions of those who are actively engaged in combatting the errors which prevail on this subject, it would

indeed be a glorious achievement. May I without offence earnestly and respectfully beg all present to lend their aid to that excellent Society, "THE SOCIETY FOR THE EMANCIPATION OF INDUSTRY," at the request of the promoters of which I have ventured to appear before you this day, and given what assistance lay in my power in elucidating the subject.

THE END.

LONDON:
Printed by A. SPOTTISWOODE,
New-Street-Square.